

**Esterline
Engineered Materials**

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2017 Gender Pay Gap Report

Darchem Engineering Limited is wholly owned by Darchem Holdings Limited (a subsidiary of Esterline Technologies).

We are an employer required by law to carry out Gender Pay Reporting under the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. This involves carrying out calculations that show the difference between the average earnings of men and women in our organisation; it will not involve publishing personal individual data. The gender pay gap is a snapshot of the difference between the average hourly pay levels of all women compared to men, irrespective of their roles or level in the organisation expressed as a percentage of men's average pay. We are required to publish the results on our own website and a government website.

This Gender Pay Gap Report and accompanying statement is based on data as at 5th April 2017. At this date the workforce consisted of 746 employees, with 647 (86.7%) being male and 107 (13.3%) female. The workforce is made up of employees at 2 locations and includes a small number of corporate executives who work for Esterline Technologies globally.

The Company's pay and Bonus Gender Gap is as follows:

The mean gender pay gap is: 9.8%
The median gender pay gap is: 14.5%
The mean gender bonus gap is: -327.1%
The median gender bonus gap is: -11.0%

Our gender pay gap is substantially lower than the UK pay gap of 18.1% (source: Office of National Statistics 2016)

The proportion of males receiving a bonus is 11.3% and the proportion of females receiving a bonus is 4%.

The proportion of males/females in each quartile pay band is as follows:

Band	Males	Females
Lower quartile	78.6%	21.4%
Lower middle quartile	84.9%	15.1%
Upper middle quartile	90.9%	9.1%
Top quartile	92.5%	7.5%

The figures set out above have been calculated using the standard methodologies used in the Equality Act 2010 (Gender Pay Gap Information)

Esterline Engineered Materials is a marketing name for Darchem Engineering Ltd., a wholly owned subsidiary of Esterline Technologies Corporation.
Registered in Scotland - Number 144767
Registered Office - 15 Atholl Crescent, Edinburgh EH3 8HA

Our analysis of our gender pay gap shows that it is largely driven by the fact that there are more men in higher paid roles within the business.

When looking at our pay gap it is also driven primarily by the following factors:

- The number of part time opportunities which are filled mainly by women.
- Production workers are paid the same hourly rate according to which job they do. There is no difference between the rates paid to men and women. Shift workers receive an uplift on the day rate of between 20% and 33% depending on which shift they work. As shift workers are predominantly male this contributes towards the median hourly pay difference.
- Employees receive an uplift on the day rate where the work involves site installation work worldwide, which generally attracts a higher premium rate and additional pay allowances/enhancements for working away from their normal place of work, which also contributes towards the median pay difference.
- For non-production workers, Esterline has introduced a global pay/grading structure which includes an element of performance related pay.
- The company operates across a range of industries (e.g. aerospace, construction, oil/gas, nuclear, automotive etc) and employees undertaking work at customer locations are also paid in accordance with the National Agreements in operation where they apply. The national agreements typically provide for higher rates of pay, pay allowances and bonuses than those which apply to the work being undertaken at the company's own facilities. As Site installation workers are predominantly male this contributes towards the median hourly pay difference and the number of males who receive a bonus compared to the number of females.
- The work undertaken by the Company is predominantly specialist engineering, fabrication and welding activities operating in industries which historically have been male dominated. We encourage females to join our apprenticeship programme and encourage development through to Engineering and Management positions.
- The Company operates salary sacrifice arrangements with more women than men taking up benefits via salary sacrifice arrangements which creates an artificially lower rate of pay for those who opt to use salary sacrifice compared to those who do not. As a result salary sacrifice deductions have impacted the gender pay gap results.

We are confident that men and women are paid equally for doing equivalent jobs.

The Gender Pay Gap data supplied is correct for all employees as at 5th April 2017.

Signature: _____


(William Meijer – Managing Director)